

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 643 - HB 761

February 28, 2015

SUMMARY OF BILL: Authorizes a winery or a farm wine permit holder to sell any items at retail as state law permits.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Exceeds \$82,300

Increase Local Revenue – Exceeds \$34,300

Assumptions:

- Under current law, in addition to its own wine, a winery is authorized to sell: juices or concentrates derived from juices, or any agricultural products; items used in home winemaking; and other gift, tourism, or wine related items as defined by regulations promulgated by the Tennessee Alcoholic Beverage Commission (ABC).
- The Department of Revenue reports that, in FY13-14, Tennessee wineries collected \$1,706,775 in state sales taxes and \$624,739 in local sales taxes.
- Authorizing wineries to sell any items at retail as state law permits is estimated to increase their taxable sales by a minimum of five percent, resulting in a recurring increase in state revenue exceeding \$85,339 ($\$1,706,775 \times 5.0\%$), and a recurring increase in local revenue exceeding \$31,237 ($\$624,739 \times 5.0\%$).
- The effective rate of apportionment to local government pursuant to the state-shared sales tax allocation is estimated to be 3.617 percent.
- The net recurring increase in state revenue is estimated to exceed \$82,252 [$\$85,339 - (\$85,339 \times 3.617\%)$].
- The total recurring increase in local revenue is estimated to exceed \$34,324 [$\$31,237 + (\$85,339 \times 3.617\%)$].
- It is estimated that wineries will begin selling any items at retail as state law permits in FY15-16.
- No additional personnel or resources will be required by the ABC.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

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A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly legible.

Jeffrey L. Spalding, Executive Director

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